

**REBUTTAL TESTIMONY OF
GEORGE N. MORI
ON BEHALF OF
SOLAMERICA SC, LLC AND EDGEFIELD COUNTY S1, LLC
BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2018-163-E**

1 **Q. MR. MORI, DID YOU REVIEW THE TESTIMONY OF MR. FOLSOM AND MR.**
2 **HAMMOND FILED BY SCE&G IN THIS PROCEEDING?**

3 **A. Yes.**

4 **Q. DO YOU RECALL MR. HAMMOND IN HIS TESTIMONY REFERRING TO A**
5 **STANDARD THAT SCE&G PURPORTEDLY APPLIES TO REQUESTS TO**
6 **EXTEND INTERCONNECTION AGREEMENT MILESTONE?**

7 **A. Yes. On several occasions, Mr. Hammond in his testimony referred to a standard**
8 **that he called the “12-month extension standard.” He explained that SCE&G does not**
9 **provide extensions to interconnection milestone dates that exceed twelve months.**

10 **Q. IS THIS “12-MONTH EXTENSION STANDARD” DISCLOSED IN THE SOUTH**
11 **CAROLINA INTERCONNECTION STANDARDS?**

12 **A. No.**

1 **Q. IS THIS “12-MONTH EXTENSION STANDARD” DISCLOSED IN**
2 **SOLAMERICA’S INTERCONNECTION AGREEMENT?**

3 **A. No.**

4 **Q. WHEN YOU MET WITH MR. HAMMOND PRIOR TO EXECUTING THE**
5 **INTERCONNECTION AGREEMENT AND ASKED HIM WHETHER**
6 **SOLAMERICA WOULD HAVE FLEXIBIITY TO EXTEND THE MILESTONE**
7 **DATES, DID MR. HAMMOND DISCLOSE THAT SCE&G WOULD APPLY A**
8 **12-MONTH EXTENSION STANDARD?**

9 **A. No.** Mr. Hammond said that SCE&G had no firm policy on milestone extensions,
10 but if SolAmerica had paid in full the amounts due under the Interconnection Agreement,
11 then SCE&G would act reasonably toward extending milestone dates. He never
12 disclosed a 12-month limit on extensions.

13 **Q. WHEN YOU PAID \$252,008 TO SCE&G UNDER THE INTERCONNECTION**
14 **AGREEMENT, WERE YOU AWARE OF A 12-MONTH EXTENSION**
15 **STANDARD?**

16 **A. No.** As I said, we expected that SCE&G would be flexible since we had already
17 paid SCE&G to make upgrades to its distribution system and substation. As we had paid
18 for those upgrades, we reasonably expected that we would be entitled to use those
19 upgrades to interconnect our project under our Interconnection Agreement. Otherwise,
20 SolAmerica would have paid a quarter of a million dollars to SCE&G to upgrade its

1 distribution system and substation only to have SCE&G retain the benefits of those
2 upgrades while denying SolAmerica the right to use them to interconnect our project.
3 That is not what we expected.

4 **Q. DO YOU RECALL THAT MR. HAMMOND IN HIS TESTIMONY**
5 **CHARACTERIZED THE EDGEFIELD PROJECT AS AN INACTIVE OR**
6 **SPECULATIVE PROJECT?**

7 **A.** I do.

8 **Q. HAS THIS PROJECT BEEN AN INACTIVE OR SPECULATIVE PROJECT?**

9 **A.** No. Our company has invested substantial time and financial resources to see this
10 project through to completion. We would not have paid SCE&G \$252,000 in
11 interconnection fees and substantial additional development costs if we viewed this
12 project as speculative.

13 As I mentioned in my direct testimony, additional challenges arose with this
14 project after we executed the Interconnection Agreement as a result of the solar panel
15 tariff trade case that was filed with the International Trade Commission in May of 2017.
16 In that case, two module manufacturers proposed tariffs that would have doubled the
17 price of solar modules. The threat of looming tariffs created a substantial increase in
18 panel prices and affected the economics of solar projects across the country, including
19 our Edgefield project. In October 31, 2017, the ITC announced its recommendation that
20 tariffs be put in place, but at a much lower rate than sought by the petitioners. This

1 helped calm the markets and removed some of the uncertainty over panel pricing. The
2 trade case was finally resolved when President Trump issued a proclamation on January
3 23, 2018 imposing tariffs on solar panels that were lower than the tariffs sought by the
4 petitioners. This relieved the uncertainty around panel prices that was making financing
5 projects such as ours much more difficult. In January 2018, we entered into a
6 memorandum of understanding with an investor who would finance and purchase the
7 project.

8 As I also stated in my direct testimony, it takes time to develop a solar project and
9 there is a lot more to it than simply constructing the project. There was diligence that we
10 had to perform prior to beginning construction which required us to spend more than
11 \$100,000 in development costs and we had to finalizing financing. So, no, I do not view
12 this project as speculative and it has not been inactive even if it has taken longer than it
13 might have otherwise taken to move it forward.

14 **Q. DO YOU RECALL THAT MR. HAMMOND IN HIS TESTIMONY STATED**
15 **THAT SOUTH CAROLINA INTERCONNECTION STANDARDS AND PRO**
16 **FORMA INTERCONNECTION AGREEMENT ASSUME A DEVELOPER HAS**
17 **A SHOVEL-READY PROJECT.**

18 **A.**I do recall Mr. Hammond stating that. That is not the way that solar projects get
19 developed. Under the South Carolina Interconnection Procedures, a project developer
20 has to submit an interconnection request and obtain a facilities study and system impact

1 study in order to know whether it is even possible to move forward with a solar project.
2 Interconnection costs can kill a solar project, so a project developer has to have visibility
3 into interconnection costs and have certainty surrounding interconnection early in the
4 development process. I am not aware of anything in the South Carolina Interconnection
5 Standards or the Interconnection Agreement that requires a project to be “shovel ready”
6 as a condition to executing an interconnection agreement.

7 **Q. MR. HAMMOND ALSO TESTIFIED THAT SOLAMERICA SHOULD HAVE**
8 **IMMEDIATELY NOTIFIED SCE&G WHEN IT KNEW THAT IT WOULD NOT**
9 **MEET AN INTERCONNECTION MILESTONE AND PROVIDE THE**
10 **EARLIEST DATE THAT THE MILESTONE COULD BE MET. DID**
11 **SOLAMERICA DO THAT?**

12 **A.** We communicated with SCE&G personnel regarding the status of the project on
13 numerous occasions, including through in-person discussions and phone calls with
14 SCE&G personnel, from the time we executed the Interconnection Agreement through
15 the time we executed the PPA. Further, the PPA set a Completion Deadline of
16 September 23, 2019, and Section 4.6 of the PPA says that, regardless of the earliest date
17 by which we could complete the project, we shall not be required to complete the project
18 earlier than the Commercial Operation Date Deadline (30 days from the Completion
19 Deadline). (*See* GNM Ex. “2” at p. 20, § 4.6). In any event, September 23, 2019, was

1 the earliest project completion date to which our financing partner was willing to agree,
2 and SCE&G agreed that the project did not have to be completed until that date.

3 **Q. MR. FOLSOM TESTIFIED THAT HE BELIEVES THAT SOLAMERICA**
4 **ACTED IN BAD FAITH WHEN IT FILED A COMPLAINT WITH THE**
5 **COMMISSION WEEKS AFTER EXECUTING THE PPA. DO YOU AGREE?**

6 **A.** Absolutely not. We have acted in good faith at all times. We reasonably
7 expected that SCE&G would cooperate with us by extending the In-Service Date under
8 the Interconnection Agreement to allow us to interconnect the project by the September
9 23, 2019 Completion Date agreed to in the PPA. As I explained in my direct testimony,
10 Section 4.2 of the PPA sets forth a Completion Deadline of September 23, 2019, by
11 which time “all Interconnection Facilities have been constructed in accordance with the
12 terms and conditions of this Agreement and the Interconnection Agreement and are
13 available to receive Test Energy and Net Energy from the Facility.” (*See* GNM Ex. “2” at
14 p. 18, § 4.2). Attachment A to the PPA contains the description of the project and
15 specifically states that the project would be interconnected using our October 4, 2016
16 Interconnection Agreement. Specifically, Attachment A states provides,
17 “Interconnection Agreement between SCE&G and SolAmerica SC, LLC, which was
18 fully executed as of October 4, 2016, and which will be assigned by SolAmerica SC,
19 LLC to Edgefield County S1, LLC to satisfy the Interconnection Condition.” (*See id.* at
20 p. 56, Attach. A § 4). Section 4.6 of the PPA contains an “Early Completion” provision

1 which states that SolAmerica “may, *but shall not be required to*, achieve Commercial
2 Operation on a date that is earlier than the Commercial Operation Date Deadline.” (*See*
3 *id.* at p. 20, § 4.6 (emphasis added)). Thus, the parties expressly agreed that SCE&G
4 could not require SolAmerica to complete the Project early. Section 15.10 of the PPA
5 states in relevant part, “The Parties agree to reasonably cooperate with each other in the
6 implementation and performance of the Agreement.” (*See id.* at p. 48, § 15.10). The very
7 definition of the Interconnection Agreement stated that it “may be amended from time to
8 time.” (*See id.* at p. 9). And Eddie Folsom requested our interconnection agreement on
9 two occasions during our negotiations over the PPA. (*See* GNM Ex. “4”; GNM Ex. “5”).

10 In addition, there is nothing in the Interconnection Agreement or the South
11 Carolina Interconnection Standards that limits the ability of SCE&G to grant our
12 requested extension of the interconnection milestone dates. We met with Matt Hammond
13 prior executing the Interconnection Agreement and were told there would be flexibility in
14 the amendment of the milestone dates. There was no disclosure of the purported “12-
15 month extension standard” on which SCE&G is now relying. Moreover, we had paid the
16 full amount due under the Interconnection Agreement – more than \$252,000 – which
17 included upgrades to SCE&G’s distribution network and substation necessary to
18 interconnect our project. It was our understanding that all the work on SCE&G’s system
19 had been completed, and we had no reason to think that SCE&G would charge us for
20 upgrades on its system and then not allow us to use them. And there was no other project
21 behind us in the queue that was waiting to interconnect on our circuit.

1 So no, we did not act in bad faith in executing the PPA and then filing this
2 Complaint. We reasonably expected that SCE&G would permit us to interconnect our
3 project by the September 23, 2019 Completion Date as agreed in the PPA.

4 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

5 **A.**Yes.